

REMARKS

Applicant respectfully traverses all rejections on the following grounds and requests reconsideration:

1. Kleiman has no playback credit bank within the meaning of Appellant's Application, and Kleiman does not deduct a playback credit when content is played.

The Office Action dated 10/24/2002 asserted (page 2, last paragraph) that Kleiman has a playback credit bank 212. This assertion is repeated in the Office Action dated 2/4/2003 (page 2, last paragraph) as well as the Office Action dated 7/9/2003 and the current Office Action (page 2, last paragraph).

The response filed on 1/16/2003 explained (pages 2 through 4) using extensive quotes from the Kleiman's specification that Kleiman's monetary credits are deducted in order to decrypt and re-encrypt Kleiman's VET (Virtual Electronic Title) envelopes. In contrast, Appellant's playback credit bank deducts a playback credit when content is played. Accordingly, there is no disclosure in Kleiman that teaches or suggests a playback credit bank within the meaning of Appellant's application. MPEP 2141.02 requires that the invention as a whole must be properly considered in order to establish *prima facie* obviousness. Such an inquiry requires proper consideration of all elements of the claims as required by MPEP 2142.03.

2. The Examiner has admitted that Kleiman does not in fact have a playback credit bank within the meaning of Appellant's Application.

In the Office Action dated 2/14/2003 (page 3, third paragraph), the Examiner states:

"Kleiman fails to specifically teach or fairly suggest of charging a customer when the electronic content is repeatedly played."

In the same Office Action (page 5, section 4), the Examiner states:

"the Applicant provided distinction between VET and VET envelope as disclosed in the reference to Kleiman ... Applicant's request for reconsideration based on reasons in remarks section is persuasive. In light of Applicant's reasons and interpretation of Kleiman reference, additional search was warranted."

The above statement regarding the failure of the Kleiman reference is repeated in the Office Action of 2/14/2003 (page 3, second paragraph) as well as the Office Action of 7/9/2003 and the current Office Action (page 3, lines 9 and 10).

Thus, it has not only been established as argued in section 1. above that Kleiman has no playback credit bank and does not deduct a credit when content is played as called for in the claims, but additionally, the Examiner admits and repeatedly reiterates that this is the case. It is clearly the case that Kleiman does not meet these claim features, despite continued statements that Kleiman teaches a playback credit bank (section 4, second paragraph). It is believed that the Examiner's continued reference to Kleiman having a playback credit bank 212 is again the result of an inadvertent word processing error by the Examiner in view of the contradictory position argued in the later Office Actions.

3. Kleiman is not properly combinable with Kalis et al. in support of an obviousness rejection since making such a combination defeats the intended function of Kleiman

If Kleiman and Kalis are combined as suggested by the Office Action, the function of Kleiman is destroyed or at a minimum the principle of operation of Kleiman is drastically modified. Consider the following:

- In Kleiman, as described in columns 9 and 13, the VET envelope is decrypted at the player using a VET key. The VET is encrypted using a

hardware dependent key (the internal IT key). The re-encryption action triggers deducting a credit in Kleiman. In Kleiman, the hardware specific key is used to internally encrypt and decrypt the content (the VET) so that playback is only possible on a single device. Apparently, multiple playbacks are contemplated for a single credit. That single credit is used to enable decryption and storage operations that make the content usable.

- In Kalis et al., the user inserts currency into a juke box device and credits are deducted as selections are played.

The Office Action states that would have been obvious *“to employ the well known method of charging a customer on a pay-per-play basis to the teachings of Kleiman in order to accommodate customers who may prefer purchasing the content on a one-time basis”* and thus it would be obvious to *“collect the fee whenever the content is played.”* Applicant assumes from this remark that the Examiner is suggesting replacement of Kleiman’s mechanism for deducting a credit when content is properly downloaded, decrypted and stored with Kalis’ mechanism for deducting a credit when the content is played. To do so clearly destroys the function of Kleiman since Kleiman’s system is designed, in part, to use encryption to protect the content, and the user is only able to properly download, decrypt and store the content if he pays for the privilege by using one of Kleiman’s credits.

Thus, it must be concluded that to make the proposed substitution destroy’s the function of Kleiman or at the very least dramatically changes the function of Kleiman. MPEP 2143.01 provides that one cannot establish prima facie obviousness if a proposed combination or modification destroys the function of one of the references being combined, or if the proposed modification changes the principles of operation of the cited reference. Accordingly, the current combination cannot be used to establish prima facie obviousness since the function of Kleiman’s hardware specific encryption would be destroyed, or at best the principles of operation of Kleiman are dramatically changed in some unexplained manner.

4. There is no suggestion in the art to properly combine Kleiman with Kalis in support of an obviousness rejection

MPEP 2143.01 requires that the prior art suggest the desirability of the claimed invention. A suggestion to make a combination must come from the art and not the invention. To suggest otherwise, is an improper hindsight reconstruction.

The Office Action justifies the combination of Kalis with Kleiman by asserting that *"incorporating such payment feature well known in the "jukebox" is would have been obvious to one ordinary skill in the art to properly collect the fee whenever the content is played" [sic].*

Again the Examiner has attempted to use a feature or advantage of the invention itself as justification to make the proposed combination. However, in this case if we assume that the proposed combination is to be interpreted as adding Kalis' payment mechanism to Kleiman (This is the only way to make the case that the function of Kleiman is not to be destroyed or modified as explained above) then one can only conclude that in order for the present combination to be obvious to one of ordinary skill in the art, it must also be obvious to produce a combination in which a user has to pay twice to hear the content once! In this combination, the user must pay (1) to download, decrypt and store the content and then must pay (2) to play the content. Clearly this is neither logical nor obvious. Moreover, it is clearly beyond the teachings or intent of Kleiman, Kalis and Applicant.

In short, the Examiner has used a hindsight analysis of features of certain embodiments of the invention to justify combination of references without any clear suggestion or teaching in the art to back up such a combination. When the combination is made, it results in a double payment arrangement or else the destruction of the function of Kleiman. MPEP 2143.01 clearly requires that the suggestion or teaching come either explicitly or implicitly from the art or the knowledge of those of ordinary skill in the art. As stated in MPEP 2142, the Examiner bears the

initial burden of factually supporting any conclusion of *prima facie* obviousness. Establishing facts that support the propriety of making the proposed combination is a necessary part of meeting such burden. Thus far, the Examiner has not met this burden since the proposed combination is illogical and is not suggested by the art.

CONCLUSION

In the arguments above, Appellant has established that:

- Kleiman fails to disclose a playback credit bank and playback credits that are stored and replenished in the playback credit bank;
- The Examiner has admitted that Kleiman is deficient in disclosing a playback credit bank;
- Kleiman and Kalis cannot properly be combined without destroying the function of Kleiman, or at minimum changing the principles of operation of Kleiman; and
- There is no suggestion in the art to combine Kleiman with Kalis, since to do so would result in a user double paying.

All rejections appearing in the current Office Action rely on the combination of Kleiman and Kalis. In view of the above arguments, it is believed clear that this combination is not viable to support the rejections proposed. Accordingly, reconsideration and allowance of all claims is respectfully requested.

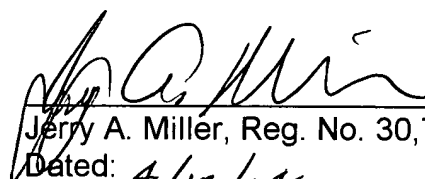
The undersigned additionally notes that many other distinctions exist between the cited references and the invention as claimed. However, in view of the clear deficiencies in the art as pointed out above, further discussion of these deficiencies is believed to be unnecessary at this time; failure to address each point raised in the Office Action should accordingly not be viewed as accession to the Examiner's position.

Several of the claims have been amended hereby in order to correct a minor grammatical error without effect to the scope of the amended claims.

REQUEST FOR INTERVIEW

In view of the protracted prosecution of the present application, the undersigned respectfully requests the courtesy of an interview with Examiner Kim in the event issues remain unresolved by the current response. The undersigned can be reached at the telephone number below to schedule such interview at a time convenient to the Examiner.

Respectfully submitted,


Jerry A. Miller, Reg. No. 30,779
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Please Send Correspondence to:
Jerry A. Miller
Miller Patent Services
2500 Dockery Lane
Raleigh, NC 27606
Phone: (919) 816-9981
Fax: (919) 816-9982
Customer Number 24337